

Fiscal Year 2010

Executive Budget Recommendation



February 12, 2009

1

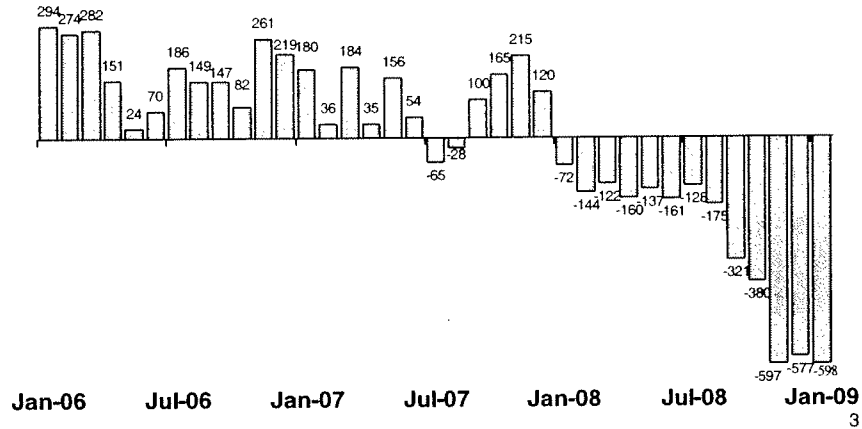
Record Downturn

- January auto sales – lowest since July 1982 when the U.S. had 70 million fewer people
- January employment decline – largest since December 1974
- Consumer Sentiment – close to record low
- January housing starts – worst since WWII

2

U.S. Payroll Employment Falling Fast

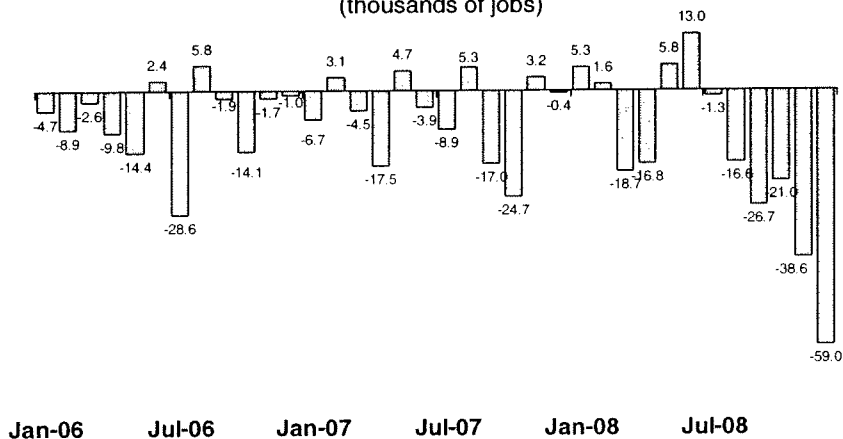
Monthly Change in U.S. Payroll Employment
(thousands of jobs)



Source: U.S. Bureau of Labor Statistics

Michigan Payroll Employment Falling Fast

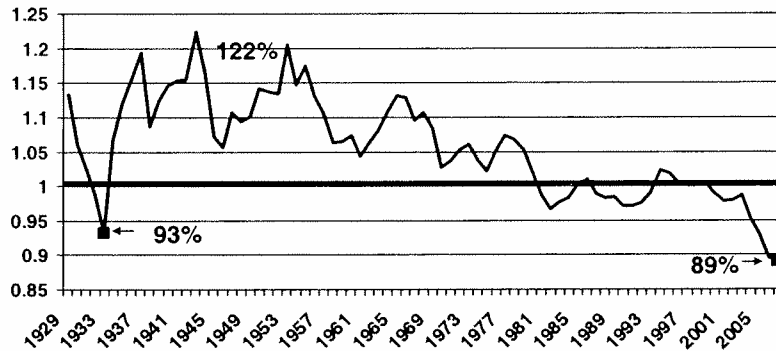
Monthly Change in Michigan Payroll Employment
(thousands of jobs)



Source: U.S. Bureau of Labor Statistics

Michigan Personal Income Falling Relative to U.S.

Michigan per Capita Income as a Percent of U.S. Per Capita Income

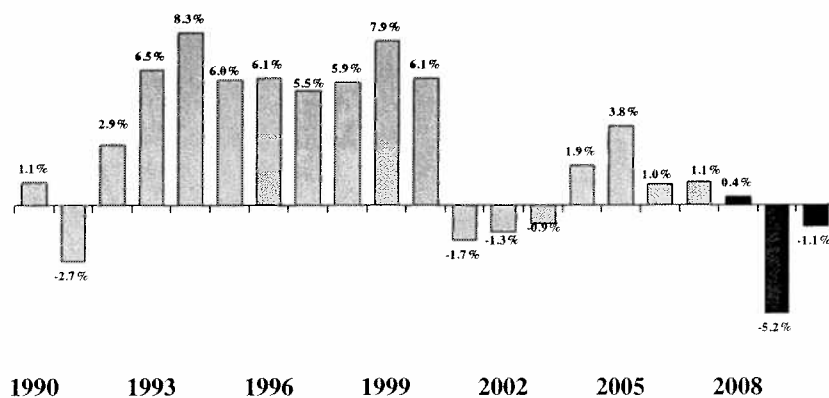


Source: Department of Treasury calculations from Bureau of Economic Analysis data.

5

GF-GP and School Aid Revenue

Baseline Growth Rates Before Tax Changes



January 2009 Consensus

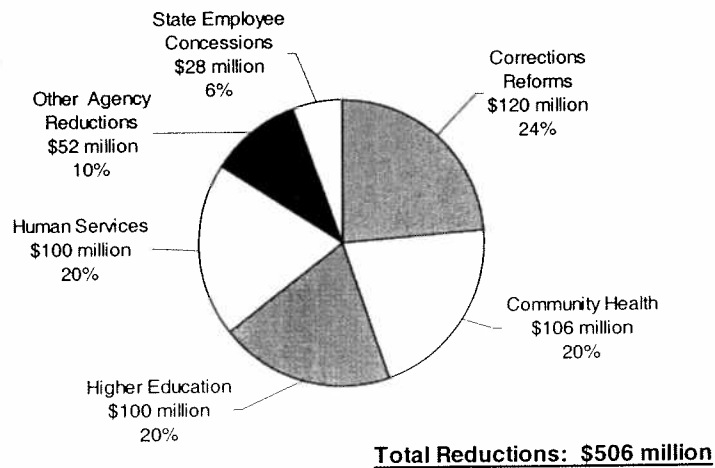
January 2009 Consensus Revenue Forecast
(dollars in millions)

	Fiscal Year 2009				Fiscal Year 2010		
	May 2008 Consensus	Jan 2009 Consensus	Change from May 2008	Growth from FY 2008	Jan 2009 Consensus	Change from May 2008	Growth from FY 2009
Net GF-GP Revenue	\$ 8,884.6	\$ 8,306.1	\$(578.5)	-11.3%	\$ 7,934.5	\$ (950.1)	-4.5%
Net SAF Revenue	\$ 11,707.4	\$ 11,368.7	\$(338.7)	-1.3%	\$ 11,295.8	\$ (411.6)	-0.6%
Combined GF-GP/SAF	\$ 20,592.0	\$ 19,674.8	\$(917.2)	-5.7%	\$ 19,230.3	\$(1,361.7)	-2.3%

Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury, 1/9/2009

7

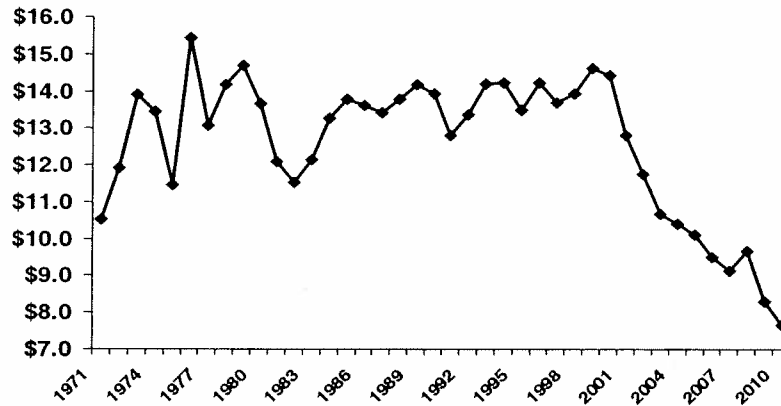
Fiscal Year 2010 General Fund Reductions



8

GF-GP Revenue Below 1971 Level Adjusted for Inflation

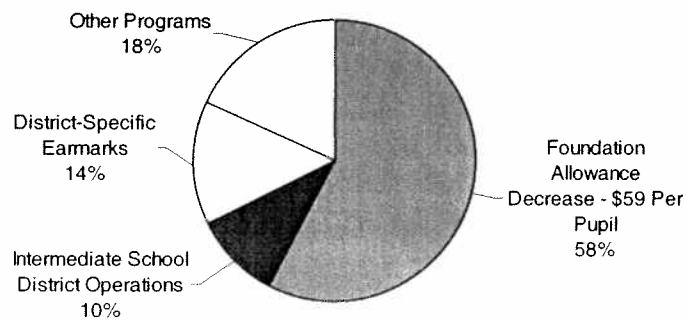
(GF-GP Revenue in Billions of 2009 \$)



Notes: FY 2009 and FY 2010 are the January 2009 Consensus estimates. Inflation adjusted using State and Local Government Price Deflator.

9

Fiscal Year 2010 School Aid Reductions



Total Reductions: \$164 million

10

